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FILED IN THE
UNITED STATES DISTRICT COURT
DISTRICT OF HAWAII

SEP 09 2004

at 1 o'clock and 17 min. M.
WALTER A.Y.H. CHINN, CLERK

Attorneys for Plaintiff
UNITED STATES OF AMERICA

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF HAWAII

UNITED STATES OF AMERICA,)
)
Plaintiff,)
)
vs.)
)
KEN I. MASHIMA, (01))
THERMAL ENGINEERING (02))
CORPORATION,)
)
Defendants.)
)

CR. NO. **CRO4 00340 SOM**

INDICTMENT

[Counts 1-4: 26 U.S.C.
§ 7206(2)]

Counts 5-8: 26 U.S.C.
§ 7206(1)]

INDICTMENT

COUNT 1

The Grand Jury charges:

On or about September 15, 1998, in the District of
Hawaii, defendant KEN I. MASHIMA, a resident of Honolulu, Hawaii,
and President of Thermal Engineering Corporation (TEC), did

willfully aid and assist in, and procure, counsel, and advise the preparation and presentation to the Internal Revenue Service, of TEC's Form 1120 U.S. Corporation Income Tax Return for the calendar year 1997, which was false and fraudulent as to a material matter, in that line 12 of the income tax return reported compensation of officers in the amount of \$544,818, whereas defendant KEN I. MASHIMA then and there well knew and believed that the total compensation of officers was approximately \$15,900 less than reported, that is, TEC funded political campaign contributions through its officers and then deducted the contributions as officer compensation on the income tax return, thereby lowering the amount of taxable income for TEC.

All in violation of Title 26, United States Code, Section 7206(2).

COUNT 2

The Grand Jury further charges:

On or about September 14, 1999, in the District of Hawaii, defendant KEN I. MASHIMA, a resident of Honolulu, Hawaii, and President of Thermal Engineering Corporation (TEC), did willfully aid and assist in, and procure, counsel, and advise the preparation and presentation to the Internal Revenue Service, of TEC's Form 1120 U.S. Corporation Income Tax Return for the calendar year 1998, which was false and fraudulent as to a

material matter, in that line 12 of the income tax return reported compensation of officers in the amount of \$581,495, whereas defendant KEN I. MASHIMA then and there well knew and believed that the total compensation of officers was approximately \$18,900 less than reported, that is, TEC funded political campaign contributions through its officers and then deducted the contributions as officer compensation on the income tax return, thereby lowering the amount of taxable income for TEC.

All in violation of Title 26, United States Code, Section 7206(2).

COUNT 3

The Grand Jury further charges:

On or about September 22, 2000, in the District of Hawaii, defendant KEN I. MASHIMA, a resident of Honolulu, Hawaii, and President of Thermal Engineering Corporation (TEC), did willfully aid and assist in, and procure, counsel, and advise the preparation and presentation to the Internal Revenue Service, of TEC's Form 1120 U.S. Corporation Income Tax Return for the calendar year 1999, which was false and fraudulent as to a material matter, in that line 12 of the income tax return reported compensation of officers in the amount of \$538,694, whereas defendant KEN I. MASHIMA then and there well knew and believed that the total compensation of officers was

approximately \$15,500 less than reported, that is, TEC funded political campaign contributions through its officers and then deducted the contributions as officer compensation on the income tax return, thereby lowering the amount of taxable income for TEC.

All in violation of Title 26, United States Code, Section 7206(2).

COUNT 4

The Grand Jury further charges:

On or about August 2, 2001, in the District of Hawaii, defendant KEN I. MASHIMA, a resident of Honolulu, Hawaii, and President of Thermal Engineering Corporation (TEC), did willfully aid and assist in, and procure, counsel, and advise the preparation and presentation to the Internal Revenue Service, of TEC's Form 1120 U.S. Corporation Income Tax Return for the calendar year 2000, which was false and fraudulent as to a material matter, in that line 12 of the income tax return reported compensation of officers in the amount of \$654,298, whereas defendant KEN I. MASHIMA then and there well knew and believed that the total compensation of officers was approximately \$8,700 less than reported, that is, TEC funded political campaign contributions through its officers and then deducted the contributions as officer compensation on the income

tax return, thereby lowering the amount of taxable income for TEC.

All in violation of Title 26, United States Code, Section 7206(2).

COUNT 5

The Grand Jury further charges:

On or about September 15, 1998, in the District of Hawaii, defendant THERMAL ENGINEERING CORPORATION (TEC), a corporation formed under the laws of the State of Hawaii, did willfully make and subscribe a Form 1120 U.S. Corporation Income Tax Return for the calendar year 1997, which was verified by a written declaration that it was made under the penalties of perjury, and was filed with the Internal Revenue Service, which said income tax return TEC did not believe to be true and correct as to every material matter in that line 12 of the income tax return reported compensation of officers in the amount of \$544,818, whereas defendant TEC then and there well knew and believed that the total compensation of officers was approximately \$15,900 less than reported, that is, TEC funded political campaign contributions through its officers and then deducted the contributions as officer compensation on the income tax return, thereby lowering the amount of taxable income for TEC.

All in violation of Title 26, United States Code,
Section 7206(1).

COUNT 6

The Grand Jury further charges:

On or about September 14, 1999, in the District of Hawaii, defendant THERMAL ENGINEERING CORPORATION (TEC), a corporation formed under the laws of the State of Hawaii, did willfully make and subscribe a Form 1120 U.S. Corporation Income Tax Return for the calendar year 1998, which was verified by a written declaration that it was made under the penalties of perjury, and was filed with the Internal Revenue Service, which said income tax return TEC did not believe to be true and correct as to every material matter in that line 12 of the income tax return reported compensation of officers in the amount of \$581,495, whereas defendant TEC then and there well knew and believed that the total compensation of officers was approximately \$18,900 less than reported, that is, TEC funded political campaign contributions through its officers and then deducted the contributions as officer compensation on the income tax return, thereby lowering the amount of taxable income for TEC.

All in violation of Title 26, United States Code,
Section 7206(1).

COUNT 7

The Grand Jury further charges:

On or about September 22, 2000, in the District of Hawaii, defendant THERMAL ENGINEERING CORPORATION (TEC), a corporation formed under the laws of the State of Hawaii, did willfully make and subscribe a Form 1120 U.S. Corporation Income Tax Return for the calendar year 1999, which was verified by a written declaration that it was made under the penalties of perjury, and was filed with the Internal Revenue Service, which said income tax return TEC did not believe to be true and correct as to every material matter in that line 12 of the income tax return reported compensation of officers in the amount of \$538,694, whereas defendant TEC then and there well knew and believed that the total compensation of officers was approximately \$15,500 less than reported, that is, TEC funded political campaign contributions through its officers and then deducted the contributions as officer compensation on the income tax return, thereby lowering the amount of taxable income for TEC.

All in violation of Title 26, United States Code, Section 7206(1).

COUNT 8

The Grand Jury further charges:

On or about August 2, 2001, in the District of Hawaii, defendant THERMAL ENGINEERING CORPORATION (TEC), a corporation formed under the laws of the State of Hawaii, did willfully make and subscribe a Form 1120 U.S. Corporation Income Tax Return for the calendar year 2000, which was verified by a written declaration that it was made under the penalties of perjury, and was filed with the Internal Revenue Service, which said income tax return TEC did not believe to be true and correct as to every material matter in that line 12 of the income tax return reported compensation of officers in the amount of \$654,298, whereas defendant TEC then and there well knew and believed that the total compensation of officers was approximately \$8,700 less than reported, that is, TEC funded political campaign contributions through its officers and then deducted the contributions as officer compensation on the income tax return, thereby lowering the amount of taxable income for TEC.

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All in violation of Title 26, United States Code,
Section 7206(1).

DATED: September 9, 2004, at Honolulu, Hawaii.

A TRUE BILL

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FOREPERSON, GRAND JURY


ELLIOT ENOKI
First Assistant U.S. Attorney


MICHAEL M. PURPURA
Assistant U.S. Attorney

USA v. KEN I. MASHIMA, et al.
Cr. No. _____; "Indictment"